

CODE OF BUSINESS ETHICS

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WHY DO WE NEED A CODE?

As a global company, Kelvin Hughes interfaces with customers and suppliers all over the world. These groups, together with other organisations and individuals with which our businesses interact, take a close interest in what we do. Their opinions about Kelvin Hughes are influenced by our actions. A good reputation is not just important, it is essential to our ongoing success. A key determinant of this reputation is how we all behave – both as individuals and collectively.

In a complex world, it is impractical to set specific rules and regulations to cover every situation. However, at Kelvin Hughes we do have a Code of Business Ethics which seeks to offer clear standards and guidance for the business dealings of every employee. The Code was first introduced in 2004 through our then corporate owners and has now been updated to reflect today's challenges.

The Code is the foundation of our commitment to legal compliance, including the prohibition of bribery and any form of corruption. We periodically update the Code to take account of legal, regulatory and enforcement procedure changes, such as the UK Bribery Act 2010, which took effect in July 2011.

The Code outlines the standards that we must all attain and covers a range of different areas of activity. Whilst it cannot deal with every circumstance, it creates a framework to help us decide how to behave.

The Code sets out 12 broad principles for how we do business, based on the common values of integrity, honesty, fairness and transparency.

The Code is designed to help set our interactions with colleagues, external stakeholders and the communities in which we work on strong ethical foundations.

Our objective is not only to protect the reputation of our company and to safeguard the investment of our shareholders, but also to protect the interests of every employee by ensuring individual legal and regulatory compliance as well as responsible behaviour.

To support the Code Kelvin Hughes has issued specific policies; Anti-Bribery Policy, Gifts & Hospitality Policy, Whistleblowing Policy. These are available on the Intranet and set out in more detail how we should conduct our business. They underline the important message that behaving responsibly, and ethically, is an integral part of all of our jobs. As such it is the personal responsibility of each one of us, as well as an important duty of line management to monitor compliance.

The Code is approved by the Group Board of Directors and supported by the Management Director and Finance Director. The Board has ultimate responsibility for the Code.

In conclusion it is vitally important that Kelvin Hughes is, and can be seen to be, responsible and ethical participants in the markets in which we operate around the globe.

We ask for the commitment of every employee to uphold the Code and to contribute towards the success of a great company.

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KELVIN HUGHES CODE OF BUSINESS ETHICS

The Code applies to all businesses and employees of Kelvin Hughes worldwide. Compliance with our Code helps to sustain and enhance the good reputation of the Company. We believe that every employee plays their part in building and strengthening the Company as a whole.

WE COMPLY WITH THE LAW

1.0 COMPLIANCE WITH LAWS

- 1.1 Kelvin Hughes, its employees and agents, are required, as a minimum standard, to comply with all the laws and regulations of the countries in which they operate.

WE COMPETE FAIRLY

2.0 COMPETITION

- 2.1 Kelvin Hughes believes in competing fairly and vigorously in its market sectors. Kelvin Hughes does not engage in, nor is it party to, agreements, business practices or conduct that, as a matter of law, are anti-competitive.

WE ACT WITH INTEGRITY IN ALL OUR BUSINESS DEALINGS

3.0 PROPER BUSINESS BEHAVIOUR

- 3.1 Kelvin Hughes expects its employees to act with integrity at all times to safeguard the trust in which Kelvin Hughes is held by its customers, suppliers and other individuals and organisations with which our businesses interact.
- 3.2 No employee shall engage in personal activities or pursue financial or business interests which might give rise to, or give the appearance of, conflicts of interest with Kelvin Hughes, or which might compromise their ability to meet the responsibilities of their job.
- 3.3 Kelvin Hughes does not offer, promise, give, demand or accept bribes or other unethical advantage in order to obtain, retain or give business or other advantage.
- 3.4 Kelvin Hughes employees who have access to privileged information (including proprietary and confidential information, whether belonging to Kelvin Hughes or others) must not use it to achieve personal gain for themselves or others.
- 3.5 Kelvin Hughes employees must ensure proper and responsible use of all Kelvin Hughes' assets, including physical property, intangible assets, IT equipment and communication resources.

WE TREAT SUPPLIERS, PARTNERS AND CUSTOMERS FAIRLY

4.0 DEALINGS WITH SUPPLIERS, BUSINESS PARTNERS AND CUSTOMERS

- 4.1 Kelvin Hughes suppliers are paid promptly within agreed terms of business.
- 4.2 Kelvin Hughes seeks to provide its customers with products and services, which meet or exceed their requirements, through the application of quality management systems and continuous improvement programmes. These are designed to develop and apply innovative ideas, to respond quickly to changing customer demand and to improve continuously product quality, value and delivery times.
- 4.3 Kelvin Hughes believes in working in partnership with its suppliers, so as to meet the expectations of Kelvin Hughes customers, and to ensure quality, value and timeliness throughout the supply chain.
- 4.4 Kelvin Hughes employees must respect and treat in accordance with agreed terms the technology, intellectual property, confidential information and any other assets or data received from customers, suppliers and others.

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- 4.5 Kelvin Hughes expects agents, suppliers and others working on its behalf to act lawfully and ethically, and in accordance with the values and standards set out in this Code. In particular, the giving or receiving of bribes is contrary to Kelvin Hughes values and can play no part in the way in which it carries out its business. Its guiding principle is simple: Kelvin Hughes will not engage in any form of bribery or corruption across our businesses. This principle applies to the whole of Kelvin Hughes and its agents, advisers, consultants, suppliers and sub-contractors, who act on its behalf or with whom it conducts business. Even the suggestion of corruption may damage its reputation and may also bring the personal integrity of individuals into question.
- 4.6 Bribery is illegal within most, if not all, of the jurisdictions in which Kelvin Hughes operates and severe penalties apply to both companies and individuals who break those laws. From 1st July 2011, tougher new legislation in the UK (in the form of the Bribery Act 2010) introduced new offences of failing to prevent bribery and also introduced extra-territorial jurisdiction, over the actions of UK citizens, UK companies and their associates. This has reinforced the message that bribery and corruption have absolutely no place within the Kelvin Hughes, which is why it operates a strict “no tolerance” policy towards bribery and corruption, in all its forms, whether directly or indirectly, through third parties.

WE TREAT OUR CO-WORKERS RESPECTFULLY

5.0 EMPLOYEES

- 5.1 Kelvin Hughes recruits, selects, and promotes employees on the basis of their qualifications, skills, aptitude and attitude.
- 5.2 In employment related decisions, Kelvin Hughes complies with anti-discrimination requirements in the relevant jurisdictions concerning matters of race, colour, national origin, gender, marital status, sexual orientation, religious belief, age or physical or mental disability.
- 5.3 All Kelvin Hughes employees shall be treated with respect and dignity. Accordingly, any harassment or bullying is unacceptable.
- 5.4 Kelvin Hughes respects the rights of each employee to join or not join a trade union or other bona fide employee representative organisation.
- 5.5 Kelvin Hughes believes in good communications with employees and in promoting consultation, co-operation and teamwork on matters of mutual concern.

PRINCIPLES OF THE ARMED FORCES COVENANT

We Kelvin Hughes Ltd will endeavour in our business dealings to uphold the key principles of the Armed Forces Covenant, which are:

- 6.1 no member of the Armed Forces Community should face disadvantage in the provision of public and commercial services compared to any other citizen
- 6.2 for the injured or bereaved additional appropriate support will be provided.
- 6.3 offering a degree of flexibility in granting leave for Service spouses and partners before, during and after a partner's deployment;
- 6.4 seeking to support our employees who choose to be members of the Reserve forces, including by accommodating their training and deployment where possible.

WE CONTRIBUTE TO HEALTHY, SAFE AND SECURE WORKPLACES

7.0 HEALTH, SAFETY AND SECURITY

- 7.1 Kelvin Hughes is committed to conducting all its activities in a manner which achieves the highest practicable standards of health and safety.
- 7.2 Kelvin Hughes seeks to protect its employees, physical assets, information and reputation from potential security threats.

WE RESPECT THE ENVIRONMENT

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8.0 ENVIRONMENT

- 8.1 Kelvin Hughes is committed to ensuring that, as far as reasonably practicable, any detrimental effects of its activities, products and services upon the environment are minimised.

WE PARTICIPATE IN RELEVANT PUBLIC DEBATES

9.0 PUBLIC ACTIVITIES

- 9.1 As and when appropriate, Kelvin Hughes engages with governments, government departments, agencies and other organisations in relation to issues which affect its legitimate business interests, either directly or through trade associations or other similar bodies.

WE RESPECT HUMAN RIGHTS

10.0 HUMAN RIGHTS

- 10.1 Kelvin Hughes seeks to uphold all internationally recognised human rights wherever its operations are located.
- 10.2 Kelvin Hughes adheres to all relevant government guidelines designed to ensure that products are not incorporated into weapons or other equipment used for the purposes of terrorism or abuse of human rights.

WE HAVE HIGH STANDARDS OF FINANCIAL RECORD-KEEPING AND REPORTING

11.0 REPORTING AND INTERNAL CONTROLS

- 11.1 Kelvin Hughes records all business transactions accurately, prudently and transparently, in compliance with the accounting policies as detailed in the Kelvin Hughes Annual Report & Accounts and in accordance with best practice.
- 11.2 Comprehensive assessment and management of risk, together with strong systems of internal control, are essential aspects of Kelvin Hughes structure and serve to ensure that it is managed effectively and that reported results are accurate.

THE CODE APPLIES TO ALL OF US

12.0 APPLICATION AND COMPLIANCE

- 12.1 This Code applies throughout Kelvin Hughes and to all its employees worldwide. It is translated where appropriate, is provided in hard copy by the Human Resources department. Disregard or breach of the Code by an employee may result in disciplinary action.
- 12.2 This Code is not intended to replace existing policies of Kelvin Hughes Ltd. It serves as a governing document to which other policies must adhere.
- 12.3 Where Kelvin Hughes is a participant in any joint venture or commercial sharing arrangement, Kelvin Hughes seeks, as far as practicable, to ensure that the combined vehicle complies with our Code.
- 12.4 Kelvin Hughes expects and encourages employees to bring promptly to management's attention any suspected or actual breaches of our Code. Any employee making such information known through the appropriate channels will not face any adverse or unfavourable treatment for such disclosure.

OBTAINING ADVICE AND REPORTING ISSUES

13.0 OBTAINING ADVICE

- 13.1 Any queries, requests for guidance or reports of alleged breaches in relation to this Code can be raised through your supervisor or line manager or directly with the Human Resources department.
- 13.2 All reports are treated confidentially and investigated properly and promptly.